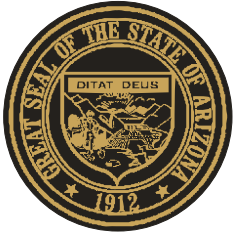


OFFICE OF THE  
**ARIZONA STATE TREASURER**



**HON. DEAN MARTIN**  
**TREASURER**



**AUGUST 2008**

**Presented To:**

**Arizona State Board of Investment**

**SEPTEMBER 17, 2008**

**STATE BOARD OF INVESTMENT**

**A G E N D A**

September 17, 2008

1. Call to Order
2. Chairman Remarks
3. Approval of Minutes
4. Review of Treasurer's Monthly Reports – Investment Pools

Activity Reports

- A. Earnings Distribution; Investment Pools
- B. Yield Analysis – MTD & YTD; Investment Pools
  - State Agency Pools
  - LGIP Pools 5 & 7
  - LGIP Pool 500

Holdings Reports

- C. Investments Outstanding; Investment Pools
  - State Agency Pools
  - LGIP Pools 5, 7, & 500
  - Shares, LGIP Pool 500
- D. Rating Summaries
  - State Agency Pools
  - LGIP Pool 5
  - LGIP Pool 7
  - LGIP Pool 500
- E. Maturity Summary – LGIP
  - LGIP Pool 5
  - LGIP Pool 7
  - LGIP Pool 500

Balance Report

- F. Operating Monies Invested Balances

5. Review of Treasurer's Monthly Reports - Endowments

Activity Reports

- A. Earnings Distribution; Endowment Funds
- B. Yield Analysis – MTD; Endowment
- C. Return Analysis – MTD & YTD; Endowment Funds
- D. Capital Gains/Losses; Endowment Funds
- E. Endowment Funds Fixed Income Purchases and Sales
- F. Endowment Funds Equity Purchases and Sales

### Holdings Reports

- G. Investments Outstanding; Endowment Pools
  - H. Rating Summaries – Endowments
  - I. Equity Holdings – Investments Outstanding by Sector
    - S&P 500
    - S&P 400
  - J. Equity Holdings by Participant
6. Proposed Changes to the Investment Policy
- A. Review of Proposed Changes
  - B. Public Comment on Proposed Changes
  - C. Discussion and Action on Proposed Changes
7. Review and Approval of Proposed and or Pending Securities Dealers
8. General Business
9. Call to the Public
10. Notice of Next Meeting
11. Adjournment

A person with a disability may request a reasonable accommodation such as a sign language interpreter by contacting Deputy Treasurer Klint Tegland, ADA Coordinator, Office of the State Treasurer, 1700 West Washington, West Wing, State Capitol, Phoenix, Arizona 85007, telephone (602) 604-7816. Requests should be made as early as possible to allow time to arrange the accommodation.

*Note: To ensure compliance with the Open Meeting Law, recipients of this message should not forward it to other members of the public body. Members of the public body may reply to this message, but they should not send a copy of the reply to other members (please do not “reply to all”).*

# REPORT OF THE STATE TREASURER

## FOR

September 17, 2008

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on August 27, 2008 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Martin, Chair called the meeting to order at approximately 10:40 a.m.

***Members Present:***

Dean Martin, Chair, State Treasurer  
Ross Jacobs, Treasurer, Yavapai County  
Jack Hudock, Consultant for Legal & Administrative Affairs, Department of Financial Institutions, designee for Felecia A. Rotellini, Superintendent, Department of Financial Institutions  
Charlotte Hosseini, Arizona Department of Administration, designee for William Bell, Director, Arizona Department of Administration

***Members Absent:***

Alan E. Maguire, President, The Maguire Company

***Others Present:***

Mark Swenson, Deputy Treasurer Strategic Planning, Audit & Research, Arizona State Treasurer's Office  
Klint Tegland, Deputy Treasurer of Operations, Arizona State Treasurer's Office  
Tim White, Chief Investment Officer, Arizona State Treasurer's Office  
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office  
Kenton McCarthy, Vice President, Stone & Youngberg, Member of the Public

Pursuant to A.R.S. 35-311, the following reports for July, 2008 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports – Investment Pools

Activity Reports

- A. Earnings Distribution; Investment Pools
- B. Yield Analysis – MTD & YTD; Investment Pools
  - State Agency Pools
  - LGIP Pools 5 & 7
  - LGIP Pool 500

Holdings Reports

- C. Investments Outstanding; Investment Pools
  - State Agency Pools
  - LGIP Pools 5, 7, & 500
  - Shares, LGIP Pool 500

- D. Rating Summaries
  - State Agency Pools
  - LGIP Pool 5
  - LGIP Pool 7
  - LGIP Pool 500
- E. Maturity Summary – LGIP
  - LGIP Pool 5
  - LGIP Pool 7
  - LGIP Pool 500

Balance Report

- F. Operating Monies Invested Balances

Review of Treasurer's Monthly Reports – Endowments

Activity Reports

- A. Earnings Distribution; Endowment Funds
- B. Yield Analysis – MTD; Endowment
- C. Return Analysis – MTD & YTD; Endowment Funds
- D. Capital Gains/Losses; Endowment Funds
- E. Endowment Funds Fixed Income Purchases and Sales
- F. Endowment Funds Equity Purchases and Sales

Holdings Reports

- G. Investments Outstanding; Endowment Pools
- H. Rating Summaries – Endowments
- I. Equity Holdings – Investments Outstanding by Sector
  - S&P 500
  - S&P 400
- J. Equity Holdings by Participant

**1. Call to Order:**

Treasurer Martin called the August 27, 2008 BOI meeting to order at approximately 10:40 a.m.

**2. Treasurers Comments:**

Treasurer Martin welcomed board members and guests and thanked all present for attending the August 27, 2008 meeting.

Treasurer Martin passed out a graph reflecting the State Operating Balance since January 2007, and advised the board that there would be a discussion after the reports were presented.

**3. Approval of Minutes:**

Mr. Hudock made a motion to approve the minutes for the July 16, 2008 Board of Investment Meeting. Ms. Hosseini seconded the motion. Motion carried.

**4. Review of Treasurer's Monthly Report – Investment Pools:**

Mr. Tim White presented the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

***Earnings Distribution – Investment Pools***

Mr. White reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of July, 2008.

***State Agency Pools Portfolio Yield Analysis***

Mr. White reported the gross yields for the State Agency Pools for the month of July, 2008.

***LGIP (Pool 5) & LGIP GOV (Pool 7) Portfolio Yield Analysis***

Mr. White reported the gross yields and net yields for the LGIP and LGIP-Gov pools, as well as the comparisons to their relative benchmarks for the month of July, 2008.

*Treasurer Martin pointed out that normally the S & P LGIP Government Index outperforms Pool 7 because the index holds positions in FNMA and FMAC Discount Notes, pool 7's holdings are only U.S. Treasuries. He also noted that FNMA and FMAC have been facing some serious issues and mentioned that the decision to hold only Treasury positions in pool 7 has paid off with better performance in that pool.*

***Pool 500***

Mr. White reported the gross yield and net yield for the LGIP Long Term Pool and the comparison to the benchmark for the month of July, 2008.

***Investments Outstanding in State Agency Pools***

Mr. White reported the total ending par, book, market value, and unrealized gain/loss on the State Investment Pools as of July 31, 2008.

*Mr. White noted that most of the unrealized loss in the agency pools was from the NCFE securities. Ms. Hosseini asked when the situation with the NCFE securities would be resolved. Treasurer Martin responded that the loss will stay on the books until the active litigation is resolved.*

***Investments Outstanding Pools 5, 7, and 500***

Mr. White reported the ending par, book, market value, and unrealized gain/loss on the LGIP, LGIP-Gov, and LGIP Long Term pools as of July 31, 2008.

***Investments Outstanding Pool 500 Shares***

Mr. White reported the ending par, book, market value, and unrealized gain/loss for the LGIP Long Term Pool (share balances) as of July 31, 2008.

***Rating Summary for State Agencies***

Mr. White reported on the credit ratings for the State Agency Funds for the last three months.

***Rating Summary for LGIP Pool 5***

Mr. White reported on the credit ratings for the LGIP for the last three months.

***Rating Summary LGIP-Long Term Pool 500***

Mr. White reported on the credit ratings for the LGIP Long Term Pool for the last three months.

***Rating Summary LGIP-Gov Pool 7***

Mr. White reported on the credit ratings for the LGIP-Gov Pool for the last three months.

***LGIP Maturity Summary Pool 5***

Mr. White reported the weighted average maturity (WAM) for the LGIP for the last three months.

***LGIP Maturity Summary Pool 7***

Mr. White reported the weighted average maturity (WAM) for the LGIP-Gov for the last three months.

***LGIP Long Term Maturity Summary Pool 500***

Mr. White reported the duration for the LGIP Long Term Pool for the last three months.

***Operating Monies Average Invested Balance***

Mr. White reported the Operating Monies average invested balance for the month of July, 2008.

*Treasurer Martin reported on the operating balances using the graph that he passed out at the beginning of the meeting.*

**5. Review of Treasurer's Monthly Report – Endowments:**

Mr. Tim White presented the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

***Earnings Distributed Endowment Funds***

Mr. White reported the earnings distributed for the Endowment Funds for the month of July, 2008, FY09 fiscal year to date, and FY08 fiscal year to date.

*Treasurer Martin noted that a separate sheet was included with the BOI Report which was the projected fiscal year 2008/2009 calculated distribution of endowment income. He advised the Board that this information represents the recommendation for the distributions of the endowment funds based on the initial GDP numbers and could possibly change in the future.*

***Endowment Funds Yield Analysis***

Mr. White reported the book yield of the Endowment Fund Fixed Income Pool for the month of July, 2008.

***Monthly Return Analysis for the Endowment Funds***

Mr. White reported the total return numbers for the Endowment Funds for the month of July, 2008 and FY09 fiscal year to date, as well as the comparison to their respective benchmarks.

***Net Realized Capital Gains/Losses – Endowment Funds***

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, and S&P 400 pools for the month of July, 2008 and FY09 fiscal year to date.

***Endowment Funds Fixed-Income Pool Purchases & Sales***

Mr. White reported the purchases and sales of the Endowment Fixed Income Pool for the month of July, 2008.

***Equity Funds Purchases & Sales***

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of July, 2008.

***Investments Outstanding in Endowment Funds***

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of July 31, 2008.

***Rating Summary Endowment Fixed Income Fund***

Mr. White reported the credit ratings for the Endowment Funds as of July 31, 2008.

***Equity Holdings Investments Outstanding S&P 500***

Mr. White reported the investments outstanding by industry sector for the S&P 500 Pool as of July 31, 2008.

***Equity Holdings Investments Outstanding S&P 400***

Mr. White reported the investments outstanding by industry sector for the S&P 400 Pool as of July 31, 2008.

***Equity Holdings – By Participant***

Mr. White reported the equity holdings of the Endowment Funds as of July 31, 2008.

***Approval of Treasurer's Report***

Ms. Hosseini made a motion to approve the Treasurer's Report as submitted.  
Mr. Jacobs seconded the motion. Motion carried.

***6. Proposed Changes to Investment Policy***

Treasurer Martin reported that there were no proposed changes to the Investment Policy at this time.

***7. Review and Approval of Proposed/Pending Securities Dealers***

Treasurer Martin reported that there were no proposed or pending security dealer's issues at this time.

***8. General Business:***

A. Review and Approval of Preliminary Endowment Distribution for Fiscal Year 2008/2009

*Mr. Jacobs made a motion to approve the Preliminary Endowment Distribution for Fiscal Year 2008/2009. Ms. Hosseini seconded the motion. Motion carried.*

*Treasurer Martin advised the board that the State Trust Land Initiative, Proposition 103, is off the ballot at this time. He also noted that it will probably be an issue again in the future.*

*State Treasurer's Report  
September 17, 2008 Meeting  
Minutes of the August 27, 2008 Meeting*

**9. Notice of Next Meeting:**

The next regular meeting of the Board of Investment will be Wednesday, September 17, 2008 at 10:30 a.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

**10. Call to the Public**

There was no public comment.

**11. Adjournment:**

Treasurer Martin adjourned the meeting at 11:35 a.m.

Respectfully Submitted by:

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Helen D. Garafola  
Executive Consultant

Approved by:

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Dean Martin, Chair

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Date:

**EARNINGS DISTRIBUTION - INVESTMENT POOLS**

AUGUST 2008

State Treasurer's Report

September 17, 2008

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<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>AUGUST 2008</b>	<b>Fiscal YTD 08/09</b>	<b>Fiscal YTD 07/08</b>	
General Fund	\$2,857,078	\$5,054,210	\$30,536,820	
2 State Agencies I - Full Faith & Credit	5,627,858	7,716,785	5,576,877	\$96,582
3 State Agencies II - Diversified	5,550,879	9,871,866	14,178,083	231,505
5 Local Governments	7,131,844	10,161,590	18,157,869	320,127
6 State Agencies III - US Govt & Agency	4,013	10,462	51,590	769
7 LGIP Gov't	4,066,149	11,652,231	15,752,812	228,738
8 State Agencies IV - Restricted Diversified	466,702	1,155,541	1,626,684	67,305
9 * ADOT - BFO	0	0	0	0
11 School Facilities Board	8,226	21,385	11,836	1,171
12 CAWCD Medium-Term	468,328	759,804	969,486	12,012
14 School Facilities Board 2002 Series	12,422	29,682	239,170	1,968
15 GADA Long-Term	36,454	102,080	149,078	1,804
<b>Subtotal</b>	<b>\$26,229,953</b>	<b>\$46,535,635</b>	<b>\$87,250,304</b>	<b>\$961,981</b>
<b>NAV POOL</b>				
500 LGIP LT	198,739	392,460	232,861	6,086
<b>Total</b>	<b>\$26,428,693</b>	<b>\$46,928,095</b>	<b>\$87,483,166</b>	<b>\$968,068</b>

\*Note: All earnings distributed for the ADOT - BFO Pool are distributed to the General Fund.

**STATE AGENCY POOLS**  
**PORTFOLIO YIELD ANALYSIS**  
August 31, 2008

State Treasurer's Report  
September 17, 2008  
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FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	GROSS YIELD
2	STATE AGENCIES I - FULL FAITH & CREDIT	2,635,775	0.0000%	-0.2083%	3.8130%	3.6047%
3	STATE AGENCIES II - DIVERSIFIED	6,267,864	0.2498%	0.6828%	2.7404%	3.6730%
6	STATE AGENCIES III - US GOVT & AGENCY	12,727	0.0000%	0.0000%	2.2007%	2.2007%
8	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	1,532,779	0.0000%	-0.9965%	3.9316%	2.9351%
9	BOARD FUNDING OBLIGATION	448,438	0.0000%	0.0000%	4.8600%	4.8600%
11	SCHOOL FACILITIES BOARD	14,842	0.0000%	1.8149%	0.0000%	1.8149%
12	CAWCD MEDIUM TERM	415,573	0.0000%	-0.0823%	4.3635%	4.2812%
14	SCHOOL FACILITIES BOARD BONDS	29,000	0.0000%	0.4248%	1.7695%	2.1943%
15	GADA	62,349	0.0000%	0.3280%	3.9675%	4.2955%
<b>TOTAL STATE AGENCIES</b>		<b>11,419,348</b>				

**LGIP & LGIP-GOV**  
**PORTFOLIO YIELD ANALYSIS**  
August 31, 2008

State Treasurer's Report  
September 17, 2008  
Page 3

FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	GROSS YIELD
5	LGIP	6,426,859	0.0009%	1.1146%	1.4137%	2.5291%
7	LGIP - GOV	3,980,642	0.0000%	-0.0787%	2.2173%	2.1385%
	<b>TOTAL LGIP &amp; LGIP-GOV</b>	<b>10,407,501</b>				
		<b>06/30/08</b>	<b>07/31/08</b>	<b>08/31/08</b>		
5	LGIP MONTHLY YIELD (NET)	2.39%	2.44%	2.47%		
	S & P LGIP INDEX YIELD	2.29%	2.26%	2.28%		
	LGIP YTD YIELD (NET)	4.06%	2.44%	2.45%		
	S & P LGIP YTD INDEX YIELD	4.04%	2.26%	2.27%		
7	LGIP - GOV MONTHLY YIELD (NET)	2.12%	2.03%	2.08%		
	3 MONTH T-BILL	1.83%	1.65%	1.72%		
	* S & P LGIP - GOV INDEX YIELD	2.08%	2.07%	2.10%		
	LGIP - GOV YTD YIELD (NET)	3.44%	2.03%	2.05%		
	YTD 3 MONTH T-BILL	2.92%	1.65%	1.69%		
	* S & P LGIP - GOV YTD INDEX YIELD	3.85%	2.07%	2.09%		

\* Note: The LGIP-GOV Pool consists of only securities explicitly backed by the full faith & credit of the US Government. The S&P LGIP-Gov Index consists of both securities implicitly and explicitly backed by the full faith & credit of the US Government.

**LGIP LONG TERM POOL**  
**PORTFOLIO YIELD ANALYSIS**  
August 31, 2008

State Treasurer's Report  
September 17, 2008  
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FUND	DESCRIPTION	GROSS EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	GROSS YIELD
500	LGIP LONG TERM POOL	201,227	0.0000%	0.1380%	3.8256%	3.9637%
	<b>TOTAL LGIP LONG TERM POOL</b>	<b>201,227</b>				

	06/30/08	07/31/08	08/31/08
<b>LGIP LONG TERM MONTHLY YIELD (NET)</b>	3.66%	3.83%	3.90%
<b>MERRILL 1-5 US D M INDEX MONTHLY YIELD</b>	4.09%	4.11%	4.06%
<b>LGIP LONG TERM YTD YIELD (NET)</b>	4.49%	3.83%	3.87%
<b>MERRILL 1-5 US D M INDEX YTD YIELD</b>	4.31%	4.11%	4.08%

**STATE AGENCY POOLS**  
**INVESTMENTS OUTSTANDING**

AUGUST 31, 2008  
(in thousands)

State Treasurer's Report  
September 17, 2008  
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POOL	INVESTMENT POOL	PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
2	State Agencies I - Full Faith & Credit					
	Repurchase Agreements	44,000	44,000	44,000	0	
	U.S. Government & Agencies	647,540	648,823	648,655	(168)	
	Total	691,540	692,823	692,655	(168)	<b>1.000</b>
3	State Agencies II - Diversified					
	Commercial Paper	75,000	74,957	74,957	0	
	U.S. Government & Agencies	1,117,343	1,115,403	1,119,192	3,789	
	Corporate Securities	897,205	896,177	887,275	(8,901)	
	Total	2,089,547	2,086,537	2,081,425	(5,112)	<b>0.998</b>
6	State Agencies III - US Govt & Agency					
	Repurchase Agreements	4,000	4,000	4,000	0	
	U.S. Government & Agencies	3,000	3,000	2,991	(9)	
	Total	7,000	7,000	6,991	(9)	<b>0.999</b>
8	State Agencies IV - Restricted Diversified					
	Repurchase Agreements	39,000	39,000	39,000	0	
	U.S. Government & Agencies	583,640	585,075	584,003	(1,072)	
	Total	622,640	624,075	623,003	(1,072)	<b>0.998</b>
9	ADOT B.F.O.					
	Board Funding Obligations	110,000	110,000	110,000	0	
	Total	110,000	110,000	110,000	0	<b>1.000</b>
11	School Facilities Board					
	Repurchase Agreements	0	0	0	0	
	U.S. Government & Agencies	10,000	9,965	9,971	6	
	Total	10,000	9,965	9,971	6	<b>1.001</b>
12	CAWCD Medium-Term					
	Money Market Mutual Shares	2,637	2,637	2,637	0	
	U.S. Government & Agencies	70,384	70,456	70,192	(264)	
	Corporate Securities	43,196	43,288	41,923	(1,365)	
	Total	116,216	116,381	114,752	(1,629)	<b>0.986</b>

**STATE AGENCY POOLS**  
**INVESTMENTS OUTSTANDING**  
AUGUST 31, 2008  
(in thousands)

State Treasurer's Report  
September 17, 2008  
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POOL	INVESTMENT POOL	PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
14	School Facilities Board Bonds					
	Repurchase Agreements	6,000	6,000	6,000	0	
	U.S. Government & Agencies	10,000	9,993	9,977	(16)	
	<b>Total</b>	<b>16,000</b>	<b>15,993</b>	<b>15,977</b>	<b>(16)</b>	<b>0.999</b>
15	GADA					
	Money Market Mutual Shares	88	88	88	0	
	U.S. Government & Agencies	13,230	13,215	13,180	(36)	
	Corporate Securities	4,025	4,044	3,945	(99)	
	<b>Total</b>	<b>17,343</b>	<b>17,348</b>	<b>17,213</b>	<b>(135)</b>	<b>0.992</b>
55	LGIP - NPF					
	<i>NPF Securities</i>	61,939	61,924	0	(61,924)	
	<b>Total</b>	<b>61,939</b>	<b>61,924</b>	<b>0</b>	<b>(61,924)</b>	<b>0.000</b>
<b>TOTALS - AGENCY POOLS</b>						
	Repurchase Agreements	93,000	93,000	93,000	0	
	Money Market Mutual Shares	2,725	2,725	2,725	0	
	Commercial Paper	75,000	74,957	74,957	0	
	U.S. Government & Agencies	2,455,136	2,455,931	2,458,162	2,230	
	Corporate Securities	944,425	943,509	933,143	(10,366)	
	Board Funding Obligations	110,000	110,000	110,000	0	
	<i>NPF Securities</i>	61,939	61,924	0	(61,924)	
	<b>Grand Total</b>	<b>3,742,226</b>	<b>3,742,047</b>	<b>3,671,988</b>	<b>(70,059)</b>	

**L.G.I.P.**  
**INVESTMENTS OUTSTANDING**  
AUGUST 31, 2008  
(in thousands)

State Treasurer's Report  
September 17, 2008  
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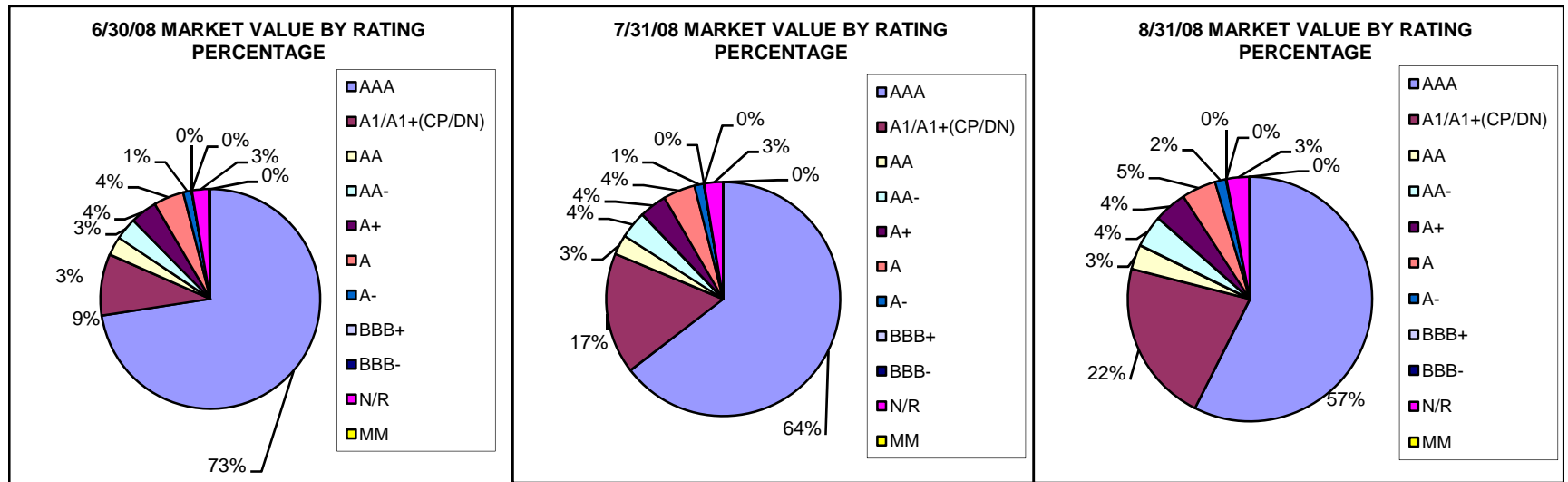
POOL	INVESTMENT POOL	PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
5	Local Governments					
	Repurchase Agreements	0	0	0	0	
	Commercial Paper	87,550	87,338	87,338	0	
	Certificates of Deposit	5,000	4,988	5,039	51	
	U.S. Government & Agencies	2,320,136	2,317,019	2,316,214	(805)	
	Corporate Securities	776,165	775,507	766,754	(8,753)	
	<b>Total</b>	<b>3,188,851</b>	<b>3,184,852</b>	<b>3,175,344</b>	<b>(9,507)</b>	<b>0.997</b>
7	LGIP - Gov't					
	Repurchase Agreements	1,807,000	1,807,000	1,807,000	0	
	U.S. Government & Agencies	405,498	406,079	406,909	830	
	<b>Total</b>	<b>2,212,498</b>	<b>2,213,079</b>	<b>2,213,909</b>	<b>830</b>	<b>1.000</b>
500	LGIP LT					
	Money Market Mutual Shares	121	121	121	0	
	Commercial Paper	1,750	1,743	1,743	0	
	U.S. Government & Agencies	40,242	40,399	40,563	164	
	Corporate Securities	17,140	17,198	17,121	(76)	
	Dividends Payable/Other	(61)	(61)	(61)	0	
	<b>Total</b>	<b>59,192</b>	<b>59,399</b>	<b>59,487</b>	<b>88</b>	
	<b>TOTALS - LGIP POOLS</b>					
	Repurchase Agreements	1,807,000	1,807,000	1,807,000	0	
	Money Market Mutual Shares	121	121	121	0	
	Commercial Paper	89,300	89,081	89,081	0	
	Certificates of Deposit	5,000	4,988	5,039	51	
	U.S. Government & Agencies	2,765,876	2,763,496	2,763,686	190	
	Corporate Securities	793,305	792,705	783,875	(8,830)	
	Dividends Payable/Other	(61)	(61)	(61)	0	
	<b>Grand Total</b>	<b>5,460,541</b>	<b>5,457,329</b>	<b>5,448,740</b>	<b>(8,589)</b>	

**SHARES OUTSTANDING**  
**LOCAL GOVERNMENT LONG TERM FUNDS**  
AUGUST 31, 2008  
(In Thousands)

State Treasurer's Report  
September 17, 2008  
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	NAV
500	<i>Shares in LGIP LT Fund</i>	59,410	59,775	59,997	222	
	Total	59,410	59,775	59,997	222	<b>1.004</b>

**ARIZONA STATE TREASURER'S OFFICE  
RATING SUMMARY  
STATE AGENCY POOLS 2, 3, 6, 8, 9, 11 - 15**

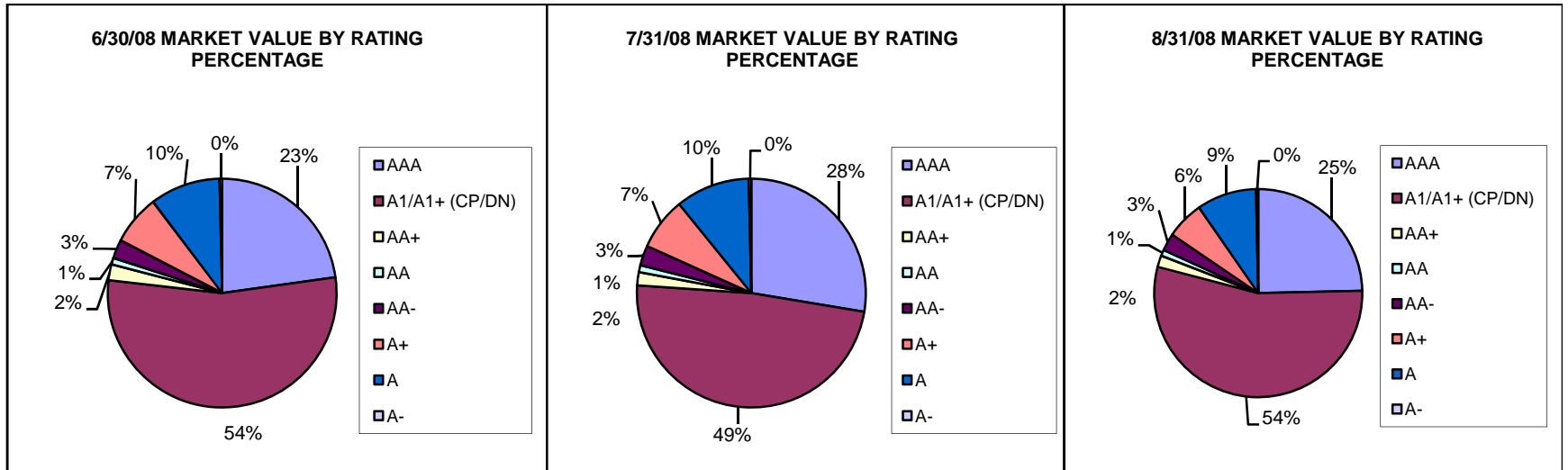


	06/30/08			07/31/08			08/31/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	307	\$3,178,212,981	73%	290	\$2,747,045,227	64%	278	\$2,107,710,240	58%
A1/A1+(CP/DN)	19	\$395,919,822	9%	24	\$708,858,904	17%	26	\$791,443,281	22%
AA	8	\$121,690,604	3%	7	\$116,233,169	3%	8	\$120,065,818	3%
AA-	13	\$142,270,615	3%	15	\$160,863,724	4%	14	\$156,076,955	4%
A+	20	\$173,539,863	4%	19	\$159,522,801	4%	19	\$159,826,102	4%
A	17	\$194,437,624	4%	16	\$192,064,273	4%	15	\$167,015,677	5%
A-	4	\$54,732,613	1%	4	\$54,778,536	1%	4	\$54,335,375	1%
BBB+	0	\$0	0%	1	\$1,764,588	0%	1	\$1,789,200	0%
BBB-	1	\$987,690	0%	1	\$989,440	0%	1	\$992,470	0%
N/R	13	\$110,007,071	3%	13	\$110,007,071	3%	13	\$110,007,071	3%
MM	2	\$7,882,978	0%	2	\$421,922	0%	2	\$2,725,460	0%
<b>TOTAL</b>	<b>404</b>	<b>\$4,379,681,860</b>	<b>100%</b>	<b>392</b>	<b>\$4,252,549,655</b>	<b>100%</b>	<b>381</b>	<b>\$3,671,987,649</b>	<b>100%</b>

MM = MONEY MARKET (BONY/HAMILTON TREASURY)

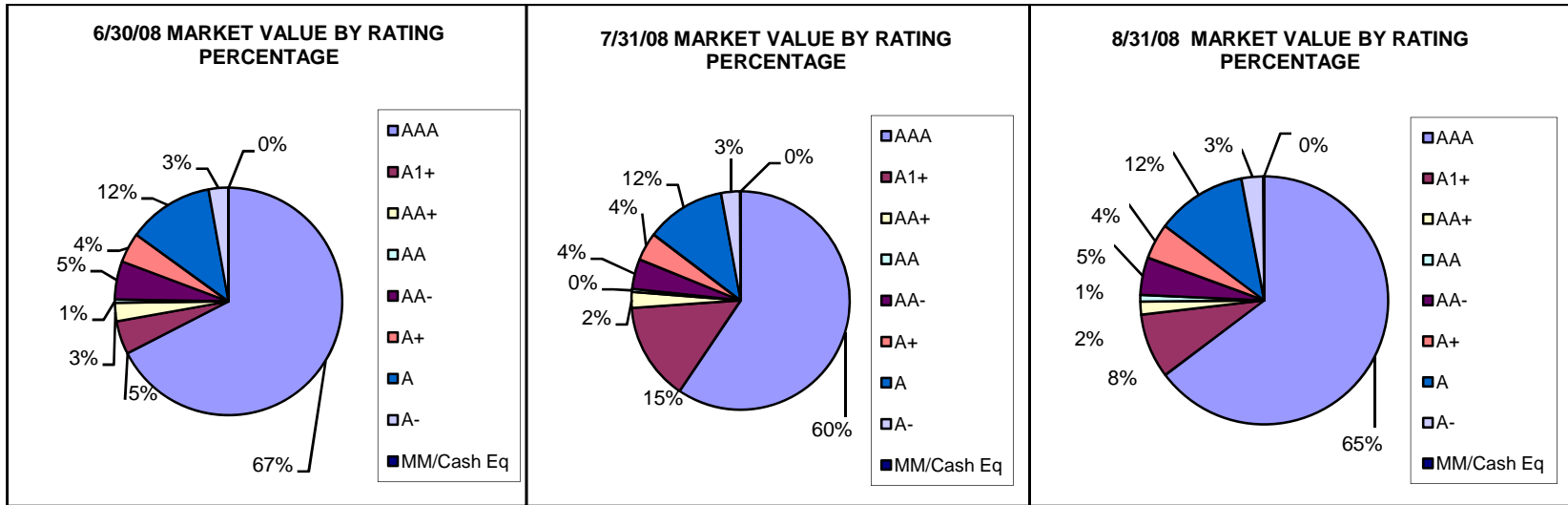
N/R = ADOT BONDS (110,000,000), TAX DEFERRED (7,071) AND NCFE

**ARIZONA STATE TREASURER'S OFFICE  
RATING SUMMARY  
LGIP**



	06/30/08			07/31/08			08/31/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	44	\$731,897,809	23%	45	\$842,565,534	28%	46	\$783,335,496	25%
A1/A1+ (CP/DN)	42	\$1,732,886,474	54%	41	\$1,475,160,217	49%	53	\$1,727,614,243	54%
AA+	9	\$72,176,180	2%	7	\$57,369,949	2%	6	\$56,702,759	2%
AA	3	\$29,928,945	1%	3	\$30,014,815	1%	3	\$29,953,704	1%
AA-	8	\$85,869,276	3%	8	\$85,898,431	3%	8	\$85,887,115	3%
A+	17	\$226,188,680	7%	17	\$226,266,680	7%	16	\$186,017,224	6%
A	24	\$319,273,149	10%	24	\$318,810,027	10%	21	\$294,519,949	9%
A-	2	\$11,303,970	0%	2	\$11,308,425	0%	2	\$11,313,958	0%
<b>TOTAL</b>	<b>149</b>	<b>\$3,209,524,482</b>	<b>100%</b>	<b>147</b>	<b>\$3,047,394,077</b>	<b>100%</b>	<b>155</b>	<b>\$3,175,344,448</b>	<b>100%</b>

**ARIZONA STATE TREASURER'S OFFICE  
RATING SUMMARY  
LGIP 500**

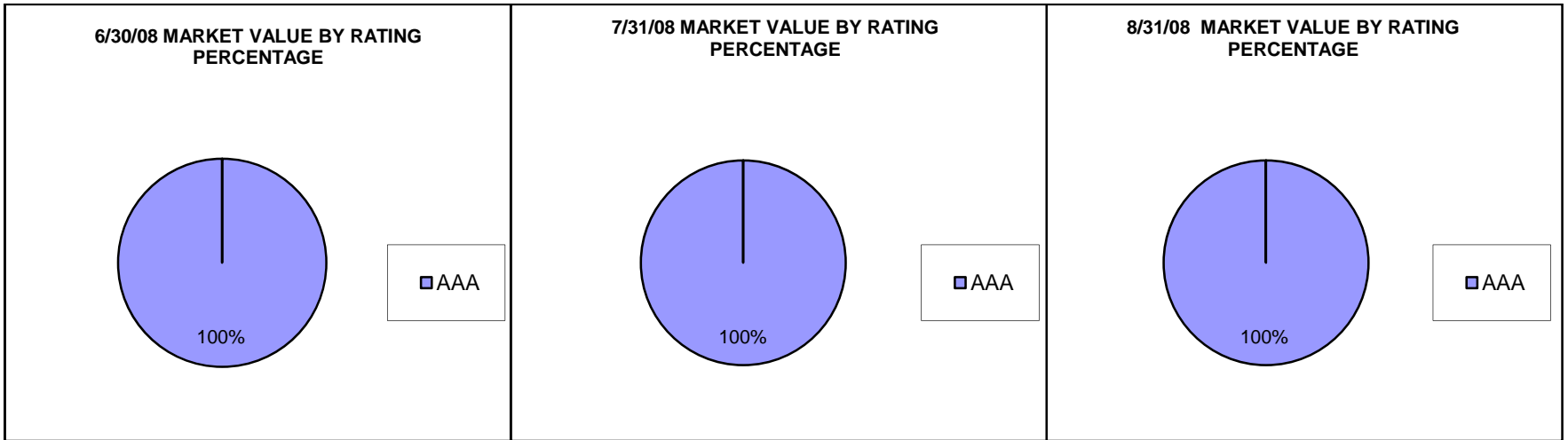


	6/30/2008			7/31/2008			8/31/2008		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	56	\$35,734,254	68%	57	\$34,924,540	60%	61	\$38,812,312	64%
A1+	4	\$2,510,559	5%	6	\$8,859,438	15%	7	\$4,781,112	8%
AA+	3	\$1,396,498	3%	3	\$1,399,100	2%	2	\$994,580	2%
AA	1	\$248,600	0%	1	\$248,665	0%	2	\$513,528	1%
AA-	7	\$2,880,965	5%	6	\$2,633,498	4%	7	\$2,896,696	5%
A+	6	\$2,253,698	4%	7	\$2,484,180	4%	8	\$2,743,491	5%
A	14	\$6,471,923	12%	15	\$6,976,213	12%	15	\$6,993,841	12%
A-	3	\$1,492,160	3%	4	\$1,694,602	3%	4	\$1,691,886	3%
MM/Cash Eq	2	\$5,100	0%	2	\$27,001	0%	2	\$59,601	0%
<b>TOTAL</b>	<b>96</b>	<b>\$52,993,755</b>	<b>100%</b>	<b>101</b>	<b>\$59,247,236</b>	<b>100%</b>	<b>108</b>	<b>\$59,487,046</b>	<b>100%</b>

\*MM/Cash Equivalent includes dividends payable

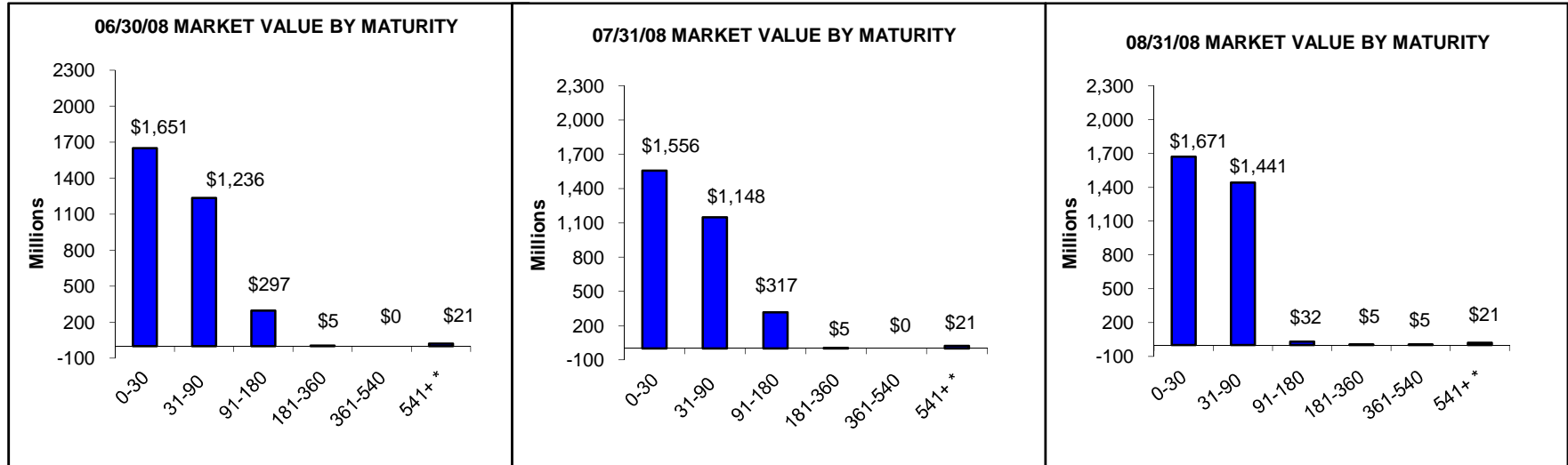
RATING SUMMARY

**ARIZONA STATE TREASURER'S OFFICE  
RATING SUMMARY  
LGIP-GOV**



06/30/08				07/31/08				08/31/08	
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	15	\$2,356,865,615	100%	13	\$2,177,226,201	100%	13	\$2,213,908,971	100%

**ARIZONA STATE TREASURER'S OFFICE  
MATURITY SUMMARY  
LGIP**

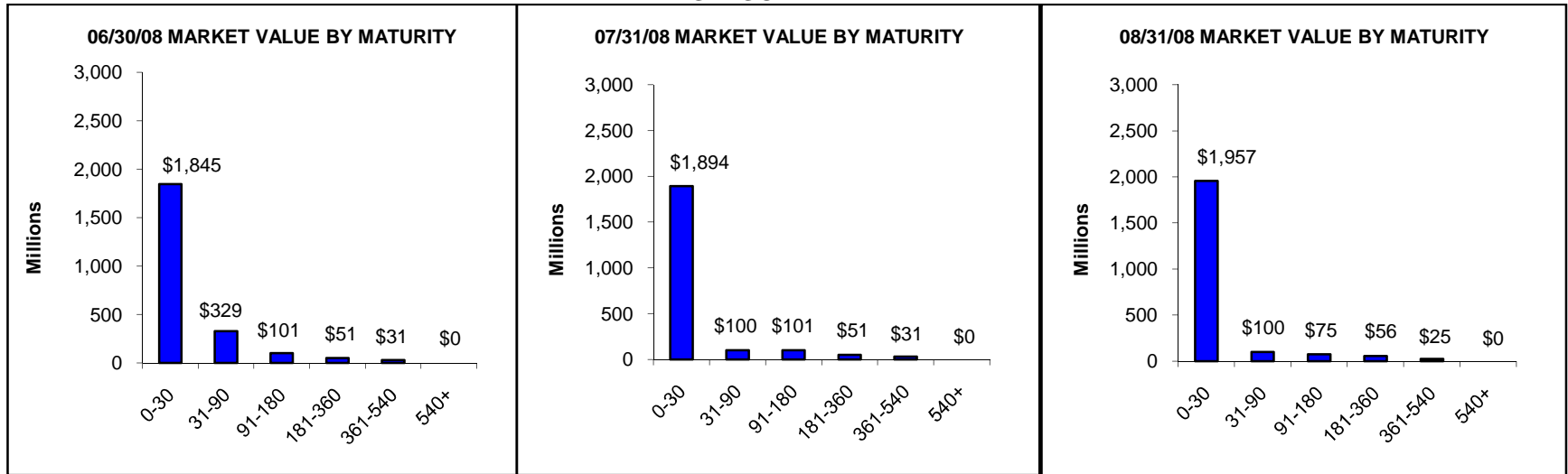


06/30/08				07/31/08				08/31/08			
MATURITY	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT		POSITIONS	MARKET VALUE	PERCENT	
0-30	61	\$1,650,811,059	51%	74	\$1,556,451,489	51%		79	\$1,671,448,307	53%	
31-90	70	\$1,235,778,833	39%	57	\$1,147,785,489	38%		68	\$1,441,146,463	45%	
91-180	14	\$296,952,579	9%	12	\$317,168,765	11%		3	\$31,695,200	1%	
181-360	1	\$5,041,312	0%	1	\$5,038,235	0%		1	\$5,038,979	0%	
361-540	0	\$0	0%	0	\$0	0%		1	\$5,045,313	0%	
541+ *	3	\$20,940,700	1%	3	\$20,950,100	1%		3	\$20,970,188	1%	
<b>TOTAL</b>	<b>149</b>	<b>\$3,209,524,483</b>	<b>100%</b>	<b>147</b>	<b>\$3,047,394,077</b>	<b>100%</b>		<b>155</b>	<b>\$3,175,344,448</b>	<b>100%</b>	

06/30/08			07/31/08			08/31/08		
MATURITY	WAM		MATURITY	WAM		MATURITY	WAM	
0-30	5.74		0-30	6.58		0-30	7.43	
31-90	22.24		31-90	19.99		31-90	27.55	
91-180	11.46		91-180	11.47		91-180	1.27	
181-360	0.55		181-360	0.53		181-360	0.46	
361-540	0.00		361-540	0.00		361-540	0.70	
541+	4.71		541+	4.75		541+	4.36	
<b>TOTAL</b>	<b>44.70</b>		<b>TOTAL</b>	<b>43.31</b>		<b>TOTAL</b>	<b>41.76</b>	

**Note:** The Average Maturity is calculated to the next interest reset date for all floating rate securities in the portfolio.

**ARIZONA STATE TREASURER'S OFFICE  
MATURITY SUMMARY  
LGIP-GOV**



06/30/08				07/31/08				08/31/08			
MATURITY	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT		POSITIONS	MARKET VALUE	PERCENT	
0-30	2	\$1,845,000,000	78%	4	\$1,894,293,889	87%		4	\$1,957,053,642	88%	
31-90	6	\$329,281,169	14%	2	\$100,351,500	5%		3	\$100,374,123	5%	
91-180	3	\$100,594,000	4%	3	\$100,613,250	5%		2	\$74,625,500	3%	
181-360	2	\$51,017,263	2%	2	\$50,990,650	2%		3	\$56,383,051	3%	
361-540	2	\$30,973,184	1%	2	\$30,976,913	1%		1	\$25,472,656	1%	
540+	0	\$0	0%	0	\$0	0%		0	\$0	0%	
<b>TOTAL</b>	<b>15</b>	<b>\$2,356,865,616</b>	<b>100%</b>	<b>13</b>	<b>\$2,177,226,202</b>	<b>100%</b>		<b>13</b>	<b>\$2,213,908,972</b>	<b>100%</b>	

**06/30/08**

MATURITY	WAM
0-30	0.78
31-90	4.99
91-180	4.91
181-360	6.58
361-540	5.87
540+	0.00
<b>TOTAL</b>	<b>23.13</b>

**07/31/08**

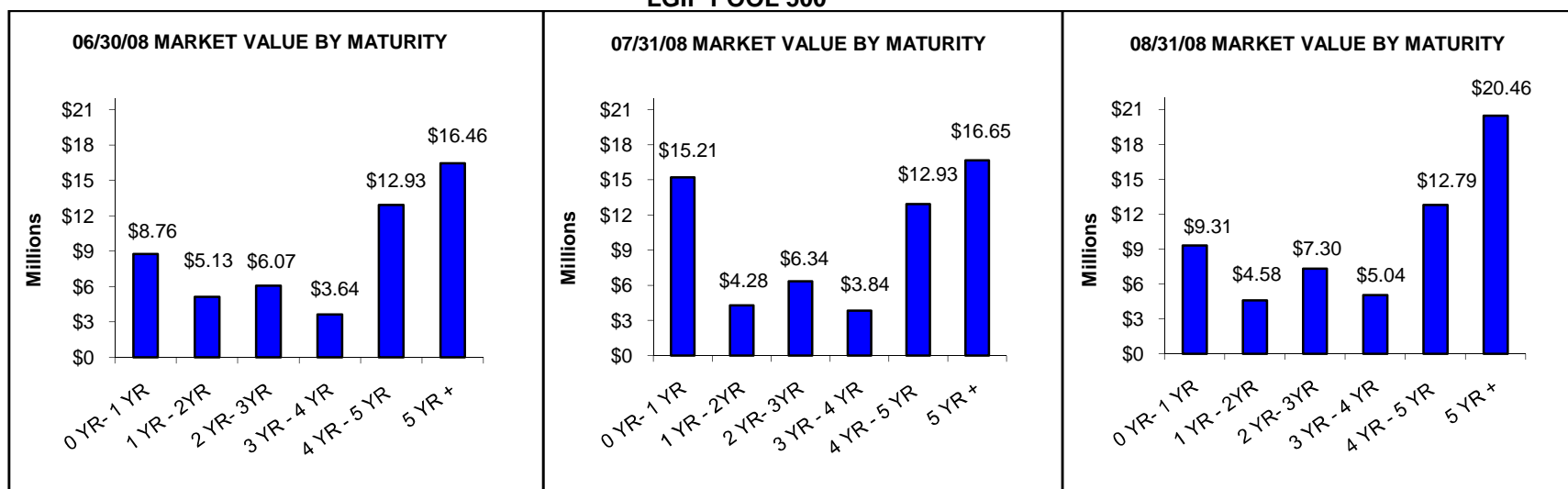
MATURITY	WAM
0-30	1.33
31-90	2.12
91-180	4.60
181-360	6.39
361-540	5.91
540+	0.00
<b>TOTAL</b>	<b>20.35</b>

**08/31/08**

MATURITY	WAM
0-30	2.90
31-90	3.11
91-180	3.60
181-360	6.39
361-540	4.54
540+	0.00
<b>TOTAL</b>	<b>20.53</b>

**Note:** The Average Maturity is calculated to the next interest reset date for all floating rate securities in the portfolio.

**ARIZONA STATE TREASURER'S OFFICE  
MATURITY SUMMARY  
LGIP POOL 500**



06/30/08				07/31/08			08/31/08		
MATURITY	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0 YR- 1 YR	19	\$8,759,092	17%	22	\$15,213,121	26%	21	\$9,309,485	16%
1 YR - 2 YR	12	\$5,133,897	10%	12	\$4,281,533	7%	13	\$4,579,655	8%
2 YR- 3 YR	15	\$6,071,715	11%	14	\$6,335,281	11%	17	\$7,304,286	12%
3 YR - 4 YR	7	\$3,639,222	7%	8	\$3,838,094	6%	11	\$5,043,603	8%
4 YR - 5 YR	24	\$12,927,262	24%	24	\$12,927,723	22%	23	\$12,788,000	21%
5 YR +	19	\$16,462,567	31%	21	\$16,651,484	28%	23	\$20,462,016	34%
<b>TOTAL</b>	<b>96</b>	<b>\$52,993,755</b>	<b>100%</b>	<b>101</b>	<b>\$59,247,236</b>	<b>100%</b>	<b>108</b>	<b>\$59,487,046</b>	<b>100%</b>

	6/30/2008	7/31/2008	8/31/2008
LGIP LT MONTHLY DURATION	2.17	2.08	2.12
MERRILL 1-5 US DOMESTIC MASTER INDEX	2.61	2.62	2.66

\*0 YR-1 YR includes dividends payable

\*At the time of purchase Bloomberg Average Life pre-payment estimates are used as proxy for maturity for mtg bonds.

**OPERATING MONIES**  
**AVERAGE INVESTED BALANCE**  
Through August 31, 2008  
(in millions of dollars)

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<u>Month</u>	<u>Fiscal Year 2006/2007</u>	<u>Fiscal Year 2007/2008</u>	<u>Fiscal Year 2008/2009</u>
JULY	2,594	2,197	1,450
AUGUST	2,263	1,936	795
SEPTEMBER	2,305	2,082	
OCTOBER	2,311	1,941	
NOVEMBER	2,198	1,880	
DECEMBER	2,181	1,893	
JANUARY	2,390	1,875	
FEBRUARY	2,396	1,652	
MARCH	2,101	1,143	
APRIL	1,990	859	
MAY	2,288	890	
JUNE	2,079	815	
<b>Y-T-D</b>			
<b>Average</b>	<b>\$2,258</b>	<b>\$1,597</b>	<b>\$1,123</b>

**EARNINGS DISTRIBUTED  
ENDOWMENT FUNDS  
AUGUST 2008**

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Recipient	Distributed in Current Month		
	August-08	Fiscal YTD 08/09	Fiscal YTD 07/08
101 A & M Colleges	\$22,756	\$45,512	\$65,430
102 State Hospital	\$11,222	\$22,444	\$32,572
103 Leg., Exec., & Jud.	\$16,124	\$32,248	\$43,014
104 Military Institute	\$1,272	\$2,544	\$3,370
105 Miners Hospital	\$20,090	\$40,180	\$51,992
107 Normal School ASU/NAU	\$6,366	\$12,732	\$16,822
108 Penitentiaries	\$16,931	\$33,862	\$47,076
109 Permanent Common School	\$4,537,088	\$9,074,176	\$11,543,292
110 School for Deaf & Blind	\$10,072	\$20,144	\$27,650
111 School of Mines	\$21,610	\$43,220	\$53,776
112 State Charitable-Pioneers Home	\$95,063	\$190,125	\$240,310
112 State Charitable-Corrections	\$47,531	\$95,063	\$120,156
112 State Charitable-Youth Treatment	\$47,531	\$95,063	\$120,156
113 University Fund	\$31,395	\$62,790	\$84,102
114 U of A Land - 1881	\$73,861	\$147,722	\$194,464
<b>Total</b>	<b>\$4,958,912</b>	<b>\$9,917,824</b>	<b>\$12,644,182</b>

Posted in USAS in current month

July and August distribution will be distributed in August because the preliminary GDP Price Deflator [part of the Endowment distribution formula] was unknown until July 31, 2008. Thus, approval of the Endowment distribution for FY08-09 by the Board of Investment could not occur until the August 2008 Board of Investment meeting.

**ENDOWMENT FUNDS**  
**PORTFOLIO YIELD ANALYSIS**  
August 31, 2008

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FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	NET YIELD
<hr/>						
205	ENDOWMENTS - FIXED INCOME	5,105,560	0.0000%	-0.2933%	4.9730%	4.6797%
	<b>TOTAL ENDOWMENTS - FIXED INCOME</b>	<b>5,105,560</b>				

**RETURN ANALYSIS**  
**ENDOWMENT FUNDS**  
(\$ In Thousands)

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ENDOWMENT FUNDS	AUGUST 2008 MONEY WEIGHTED RETURN	FISCAL YEAR 2008/2009 MONEY WEIGHTED RETURN
-----	-----	-----
101 A & M Colleges	1.01%	0.25%
102 State Hospital	1.02%	0.29%
103 Leg., Exec., & Jud.	1.00%	0.28%
104 Military Institute	0.99%	0.26%
105 Miners Hospital	1.02%	0.30%
107 Normal School ASU/NAU	1.01%	0.29%
108 Penitentiaries	1.00%	0.28%
109 Permanent Common School	1.02%	0.30%
110 School for Deaf & Blind	1.00%	0.27%
111 School of Mines	1.01%	0.28%
112 State Charitable	1.03%	0.31%
113 University Fund	1.01%	0.28%
114 U Of A Land - 1881	1.01%	0.28%
<hr/>		
WEIGHTED PORTFOLIO RETURN	1.02%	0.31%
WEIGHTED BENCHMARK	1.28%	0.64%
 S&P 500 EQUITY FUND RETURN:	 1.45%	 0.59%
S & P 500 LARGE CAP INDEX:	1.45%	0.59%
 FIXED INCOME FUND RETURN:	 0.79%	 0.82%
CITIGROUP BIG INDEX RETURN:	1.02%	0.94%
 S&P 400 EQUITY FUND RETURN:	 0.83%	 -1.84%
S&P 400 MID-CAP INDEX:	1.71%	-0.17%

Bond Fund Total Return Includes Returns on Money Market Account  
Money Weighted Return is based on shares owned by individual participants  
Weighted Average Benchmark represents proportional holdings in the funds

	Jun-08	Jul-08	Aug-08	Jun-08	Jul-08	Aug-08
S&P 500	-8.43%	-0.84%	1.45%	1280.00	1267.38	1282.83
S&P 400	-7.03%	-1.85%	1.71%	818.99	803.01	815.60
S&P 600	-7.56%	2.06%	4.18%	364.94	372.13	387.35
DOW JONES	-10.19%	0.25%	1.45%	11350.01	11378.02	11543.55
NASDAQ	-9.06%	1.46%	1.92%	2292.98	2325.55	2367.52

**NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS**

Endowment Fund -----	Aug-08 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	(21,332)	(28,464)
Equity Pool (500) Net Gain (Loss)	(1,439,069)	(2,059,817)
Equity Pool (400) Net Gain (Loss)	4,314,633	2,113,333
<b>Totals</b>	<b>2,854,232</b> =====	<b>25,052</b> =====

**ENDOWMENT FUNDS FIXED-INCOME POOL**  
**PURCHASES & SALES**  
Month of August 2008

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**I. Endowment Funds Purchases**

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>*WAL YEARS</u>	<u>PAR VALUE</u>	<u>PURCHASE COST</u>	<u>YIELD</u>	<u>MOODY'S / S&amp;P RATING</u>
FNMA - MBS	6.00	12/1/2036	5.33	\$9,963,028	\$9,924,110	6.04	Aaa/AAA
FNMA - MBS	6.00	5/1/2038	5.63	\$4,839,598	\$4,816,912	6.04	Aaa/AAA
FNMA - MBS	6.00	5/1/2038	5.63	\$4,839,598	\$4,804,813	6.06	Aaa/AAA

<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>	----- <b>\$19,642,223</b> -----	----- <b>\$19,545,835</b> -----
--	---------------------------------------	---------------------------------------

**II. Endowment Funds Sales**

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR VALUE</u>	<u>AMORTIZED COST/PROCEEDS</u>	<u>SALES GAINS/(LOSSES)</u>	<u>MOODY'S / S&amp;P RATING</u>
-----------------------------	-------------	-----------------	----------------------	------------------------------------	---------------------------------	-------------------------------------

<b>TOTAL ENDOWMENT FUNDS SALES</b>	----- <b>\$0</b> -----	----- <b>\$0</b> -----	----- <b>\$0</b> -----
------------------------------------	------------------------------	------------------------------	------------------------------

\*WAL is the weighted average life of the security based on the Bloomberg calculation at the time the trade is executed. The calculation is used only with mortgage-backed pass-through/CMO securities.

**EQUITY FUNDS**  
**PURCHASES & SALES**  
Month of August 2008

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**I. Equity Fund Purchases**

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	895,291	\$31,341,439	\$13,430
S&P 500 Large-Cap Fund	707,244	\$27,388,989	\$10,510
<b>TOTAL EQUITY PURCHASES</b>	<b>1,602,535</b>	<b>\$58,730,428</b>	<b>\$23,940</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	414,256	\$28,853,068	\$6,214
S&P 500 Large-Cap Fund	165,081	\$14,659,447	\$1,824
<b>TOTAL EQUITY SALES</b>	<b>579,337</b>	<b>\$43,512,515</b>	<b>\$8,038</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in S&amp;P 500 Index Fund</i>	2,549	2,321	2,738	417	
	<i>Shares in Fixed Income Fund</i>	2,822	3,120	4,084	964	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	832	796	1,467	672	
	Total	6,202	6,237	8,290	2,053	<b>1.329</b>
102	State Hospital					
	<i>Shares in S&amp;P 500 Index Fund</i>	1,547	1,331	1,662	330	
	<i>Shares in Fixed Income Fund</i>	1,581	1,789	2,288	499	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	442	456	779	323	
	Total	3,569	3,576	4,728	1,152	<b>1.322</b>
103	Leg., Exec., & Jud.					
	<i>Shares in S&amp;P 500 Index Fund</i>	1,974	1,942	2,121	179	
	<i>Shares in Fixed Income Fund</i>	2,373	2,611	3,435	825	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	642	666	1,133	467	
	Total	4,990	5,219	6,689	1,471	<b>1.282</b>
104	Military Institute					
	<i>Shares in S&amp;P 500 Index Fund</i>	134	134	144	10	
	<i>Shares in Fixed Income Fund</i>	170	181	245	65	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	47	46	83	37	
	Total	351	361	473	112	<b>1.311</b>
105	Miners Hospital					
	<i>Shares in S&amp;P 500 Index Fund</i>	3,637	3,598	3,908	310	
	<i>Shares in Fixed Income Fund</i>	3,856	4,832	5,582	750	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,031	1,232	1,819	587	
	Total	8,525	9,663	11,309	1,646	<b>1.170</b>

**ENDOWMENT FUNDS**  
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
107	Normal School ASU/NAU					
	<i>Shares in S&amp;P 500 Index Fund</i>	853	812	917	105	
	<i>Shares in Fixed Income Fund</i>	959	1,091	1,388	297	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	262	278	463	185	
	Total	2,075	2,181	2,768	587	<b>1.269</b>
108	Penitentiaries					
	<i>Shares in S&amp;P 500 Index Fund</i>	2,107	2,014	2,264	250	
	<i>Shares in Fixed Income Fund</i>	2,538	2,707	3,673	966	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	684	690	1,207	517	
	Total	5,330	5,412	7,145	1,733	<b>1.320</b>
109	Permanent Common School					
	<i>Shares in S&amp;P 500 Index Fund</i>	781,040	763,158	839,188	76,031	
	<i>Shares in Fixed Income Fund</i>	834,455	1,027,345	1,207,806	180,461	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	220,242	261,215	388,463	127,247	
	Total	1,835,737	2,051,718	2,435,457	383,739	<b>1.187</b>
110	School for Deaf & Blind					
	<i>Shares in S&amp;P 500 Index Fund</i>	1,162	1,102	1,249	147	
	<i>Shares in Fixed Income Fund</i>	1,384	1,481	2,003	522	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	380	378	670	293	
	Total	2,926	2,961	3,922	962	<b>1.325</b>
111	School of Mines					
	<i>Shares in S&amp;P 500 Index Fund</i>	2,888	2,824	3,104	280	
	<i>Shares in Fixed Income Fund</i>	3,236	3,794	4,684	890	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	888	968	1,566	599	
	Total	7,013	7,586	9,354	1,768	<b>1.233</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
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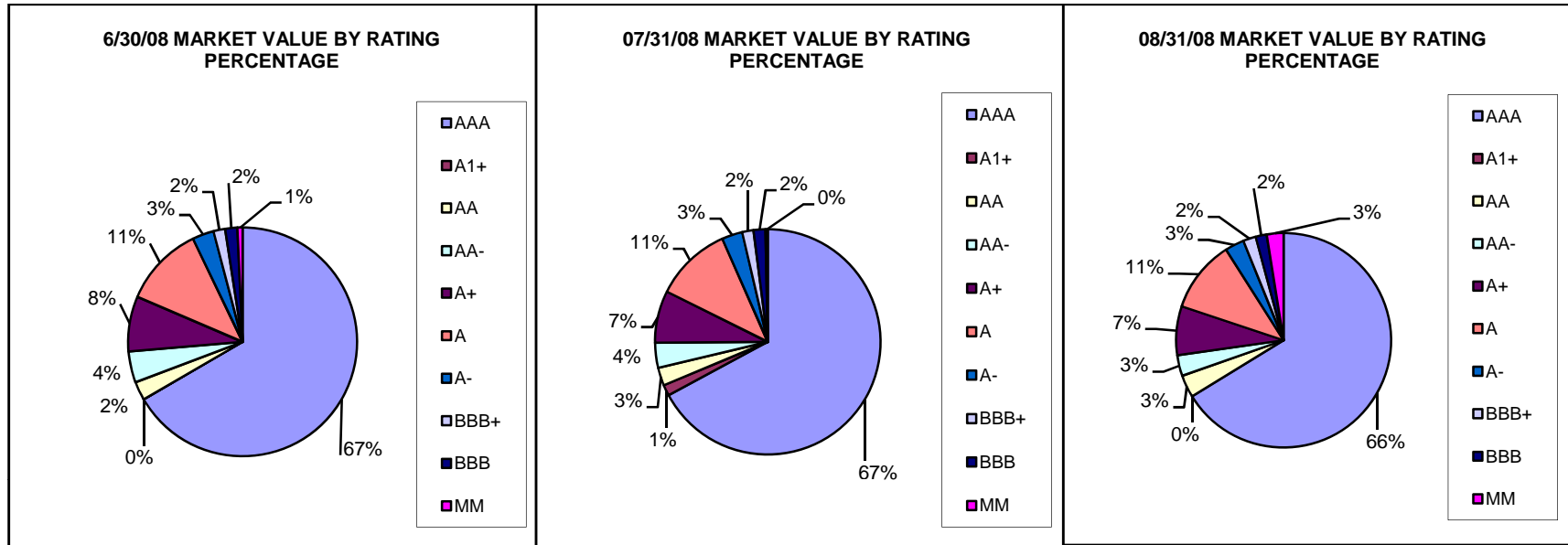
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
112	State Charitable					
	<i>Shares in S&amp;P 500 Index Fund</i>	32,318	30,146	34,724	4,578	
	<i>Shares in Fixed Income Fund</i>	32,188	40,479	46,589	6,110	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	8,500	10,323	14,993	4,670	
	Total	73,006	80,948	96,306	15,358	<b>1.190</b>
113	University Fund					
	<i>Shares in S&amp;P 500 Index Fund</i>	4,787	4,614	5,144	530	
	<i>Shares in Fixed Income Fund</i>	5,324	6,198	7,706	1,508	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,448	1,581	2,554	973	
	Total	11,559	12,392	15,404	3,012	<b>1.243</b>
114	U Of A Land - 1881					
	<i>Shares in S&amp;P 500 Index Fund</i>	10,029	9,638	10,775	1,137	
	<i>Shares in Fixed Income Fund</i>	11,369	13,005	16,455	3,450	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	3,082	3,299	5,436	2,137	
	Total	24,479	25,942	32,666	6,724	<b>1.259</b>
TOTALS - ALL FUNDS						
	<i>Shares in S&amp;P 500 Index Fund</i>	845,027	823,635	907,938	84,303	
	<i>Shares in Fixed Income Fund</i>	902,254	1,108,633	1,305,939	197,307	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	238,481	281,926	420,633	138,707	
	<b>Grand Total</b>	<b>1,985,762</b>	<b>2,214,194</b>	<b>2,634,511</b>	<b>420,317</b>	

**ASSET ALLOCATION PERCENTAGE**

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)
<i>Shares in S&amp;P 500 Index Fund</i>	42.55%	37.20%	34.46%	20.06%
<i>Shares in Fixed Income Fund</i>	45.44%	50.07%	49.57%	46.94%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.01%	12.73%	15.97%	33.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**TREASURER'S OFFICE  
RATING SUMMARY  
ENDOWMENT FIXED INCOME FUND**



	06/30/08			07/31/08			08/31/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	128	\$851,246,701	66%	130	\$851,099,932	67%	133	\$866,234,548	66%
A1+	0	\$0	0%	1	\$19,985,667	2%	0	\$0	0%
AA	6	\$32,986,900	3%	6	\$32,744,900	3%	6	\$33,321,733	3%
AA-	8	\$50,895,911	4%	7	\$45,442,716	4%	6	\$40,585,950	3%
A+	16	\$97,674,042	8%	15	\$94,934,677	7%	15	\$95,328,699	7%
A	21	\$138,880,915	11%	22	\$139,829,824	11%	22	\$140,987,483	11%
A-	7	\$38,060,486	3%	7	\$37,741,470	3%	7	\$37,652,461	3%
BBB+	4	\$20,663,560	2%	4	\$20,440,644	2%	5	\$24,837,104	2%
BBB	3	\$21,794,150	2%	3	\$21,470,030	2%	3	\$21,615,960	2%
MM	2	\$9,051,922	1%	1	\$4,298,645	0%	2	\$32,779,209	3%
<b>TOTAL</b>	<b>195</b>	<b>\$1,261,254,587</b>	<b>100%</b>	<b>196</b>	<b>\$1,267,988,505</b>	<b>100%</b>	<b>199</b>	<b>\$1,293,343,147</b>	<b>100%</b>

MM = MONEY MARKET (LGIP AND BONY/HAMILTON TREASURY)

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<u>POOL #</u>	<u>POOL DESCRIPTION</u>	<u>S&amp;P SECTOR</u>	<u>MARKET VALUE</u>	<u>% POOL BALANCE</u>	<u>% S&amp;P 500 BALANCE</u>	<u>DIFFERENCE</u>
<b>201</b>	<b>S&amp;P 500 INDEX</b>					
		CONSUMER DISCRETIONARY	71,637	8.48%	8.48%	0.00%
		CONSUMER STAPLES	95,969	11.36%	11.36%	0.00%
		ENERGY	116,535	13.80%	13.80%	0.00%
		FINANCIALS	127,683	15.11%	15.11%	0.00%
		HEALTH CARE	107,450	12.72%	12.72%	0.00%
		INDUSTRIALS	96,795	11.46%	11.46%	0.00%
		INFORMATION TECHNOLOGY	139,673	16.53%	16.53%	0.00%
		MATERIALS	31,209	3.69%	3.69%	0.00%
		TELECOMMUNICATION SERVICES	26,960	3.19%	3.19%	0.00%
		UTILITIES	30,836	3.65%	3.65%	0.00%
		TOTALS LESS CASH / SPDR'S:	844,747	100.00%	100.00%	
		SPYDER'S	61,177			
		CASH **	2,015			
		TOTAL:	907,938			

\*Numbers may not add up to 100% due to rounding. Differences may be off up to 1 bp due to rounding

\*\* Includes dividends receivable and receivables (+)/payables (-) for sales/purchases.

**EQUITY HOLDINGS**  
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<u>POOL #</u>	<u>POOL DESCRIPTION</u>	<u>S &amp; P SECTOR</u>	<u>MARKET VALUE</u>	<u>% POOL BALANCE</u>	<u>% S&amp;P 400 BALANCE</u>	<u>DIFFERENCE</u>
<b>203</b>	<b>S&amp;P 400 INDEX</b>					
	CONSUMER DISCRETIONARY		24,206	8.30%	12.71%	-4.41%
	CONSUMER STAPLES		10,206	3.50%	3.50%	0.00%
	ENERGY		33,040	11.33%	8.86%	2.47%
	FINANCIALS		44,887	15.39%	15.82%	-0.43%
	HEALTH CARE		36,171	12.40%	11.00%	1.40%
	INDUSTRIALS		54,309	18.62%	17.34%	1.27%
	INFORMATION TECHNOLOGY		38,661	13.25%	14.89%	-1.63%
	MATERIALS		21,362	7.32%	7.56%	-0.24%
	TELECOMMUNICATION SERVICES		1,526	0.52%	0.48%	0.05%
	UTILITIES		27,337	9.37%	7.84%	1.53%
	TOTALS LESS CASH / SPDR'S:		291,704	100.00%	100.00%	
	SPYDER'S		126,582			
	CASH **		2,347			
	TOTAL:		420,633			

\*Numbers may not add up to 100% due to rounding. Differences may be off up to 1 bp due to rounding

\*\* Includes dividends receivable and receivables (+)/payables (-) for sales/purchases.

\*\*\* Pool 203 primarily holds the largest 200 equity positions in the S&P 400 Index based upon market capitalization; as well as cash and SPYDER'S (S&P MidCap 400 Depository Receipts) which represent ownership of all 400 common stocks in the index.

**EQUITY HOLDINGS - BY PARTICIPANT**

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<u>Fund #</u>	<u>PARTICIPANT DESCRIPTION</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
101	A & M Colleges	\$3,117	\$4,205	\$1,088
102	State Hospital	1,787	2,441	654
103	Leg., Exec., & Jud.	2,608	3,254	646
104	Military Institute	180	227	47
105	Miners Hospital	4,831	5,727	896
107	Normal School	1,090	1,380	290
108	Penitentiaries	2,704	3,471	767
109	Permanent Common School	1,024,373	1,227,651	203,278
110	School for Deaf & Blind	1,480	1,919	439
111	School of Mines	3,792	4,670	878
112	State Charitable	40,469	49,717	9,248
113	University Fund	6,194	7,698	1,504
114	U of A Land - 1881	12,937	16,211	3,274
	Totals:	<u>\$1,105,562</u>	<u>\$1,328,571</u>	<u>\$223,009</u>

Includes equity holdings of S&amp;P 500 fund and S&amp;P 400 Mid-Cap Fund